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REMARKS

Claims 1, 2, 6, 9, 10 and 13 are presently under consideration in the application. Claims 1, 2 and 10 have been amended herein. Favorable reconsideration of the application, as amended, is respectfully requested.

I. REJECTIONS OF CLAIMS 1, 2, 6, 9, 10 AND 13

Claim 2 stands rejected under 35 USC §102(b) based on *Huang et al.*Remaining claims 1, 6, 9, 10 and 13 stand rejected under 35 USC §103(a) based *Huang et al.* Withdrawal of each of these rejections is respectfully requested for at least the following reasons.

Regarding claim 2, the Examiner points to Figs. 1 and 9 of *Huang et al. Huang et al.* describes an adaptive bit allocation for video and audio coding. As described in *Huang et al.*, the system determines if and when bits from the audio encoder are not utilized for encoding the audio signal. In the event such "saved bits" from the audio encoder are detected, the system allots the saved bits to the encoded video data. According to the system in *Huang et al.*, the bit savings of the audio frames during the previous picture period is used in the encoding of the video for the present picture. This results in each picture being able to be encoded with a certain amount of extra bits that are saved by the audio encoder. (See, e.g., Column 5, lines 22-40).

Huang et al. describes the audio encoder 2 as providing the encoded audio bit stream to a FIFO buffer 11. In addition, the audio encoder 2 provides a bit savings value to the bit rate allocator 5. The video signal encoder 10 encodes the video signal and provides an encoded video bit stream to the FIFO buffer 11. The video signal is encoded based on the bit savings and fullness and FIFO 11.

The Examiner contends that the FIFO buffer 11 in *Huang et al.* corresponds to the storage section recited in claim 2. The Examiner contends that Fig. 9 of *Huang et al.* illustrates the encoding section generating the bit streams so that a sum of an amount of the bit streams stored in the storage section at the moment when the bit streams for one frame time period are generated and an amount of the bit streams for the one frame time period is equal to or less than the capacity of the storage section.

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In order to emphasize better the distinctions between the present invention and Huang et al., claim 2 has been amended to point out that the encoding device is operative even in the case where the transfer rate of the bit streams is changed. For example, the storage section does not overflow even when the transfer rate is changed. (See, e.g., Spec., page 17, lines 16-24; and page 25, lines 19-28). An advantage of such feature is that sound quality may be improved. (See, e.g., Spec., page 2, lines 4-14).

Huang et al. does not teach or suggest such a changeable transfer rate at which the transfer section transfers bit streams as recited in amended claim 2. Rather, Huang et al. teaches a fixed transfer rate. Specifically, Huang et al. describes how the multiplexer takes the bits from the FIFO at a fixed or constant rate. (See, e.g., Column 10, lines 20-22).

In other words, *Huang et al.* does not teach or suggest a changeable transfer rate. Nor does *Huang et al.* teach or suggest how to achieve a changeable transfer rate. Furthermore, there is no teaching or suggestion in *Huang et al.* that a changeable transfer rate is even desirable.

Accordingly, withdrawal of the rejection of claim 2 is respectfully requested.

Independent claims 1 and 10 have been amended in a manner similar to claim 2 as discussed above. Specifically, claims 1 and 10 each recite the feature of a transfer section for transferring the bit streams at a *changeable* transfer rate.

Huang et al. does not teach or suggest a changeable transfer rate for the same reasons discussed above in relation to claim 2. As a result, withdrawal of the rejection of claims 1 and 10 is also respectfully requested.

Remaining claims 6, 9 and 13 each depend from claim 1 and can be distinguished for at least the same reasons as well as based on the specific features included therein.

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II. CONCLUSION

Accordingly, all claims 1, 2, 6, 9, 10 and 13 are believed to be allowable and the application is believed to be in condition for allowance. A prompt action to such end is earnestly solicited.

Should the Examiner feel that a telephone interview would be helpful to facilitate favorable prosecution of the above-identified application, the Examiner is invited to contact the undersigned at the telephone number provided below.

Should a petition for an extension of time be necessary for the timely reply to the outstanding Office Action (or if such a petition has been made and an additional extension is necessary), petition is hereby made and the Commissioner is authorized to charge any fees (including additional claim fees) to Deposit Account No. 18-0988.

Respectfully submitted,

RENNER, OTTO, BOISSELLE & SKLAR, LLP

Mark D. Saralino Reg. No. 34,243

DATE: October 17, 2003

The Keith Building 1621 Euclid Avenue Nineteenth Floor Cleveland, Ohio 44115 (216) 621-1113 C:\GEN\YAMA\yamap\089.amd.wpd